

SEP 14 2011

BEFORE THE DEPARTMENT OF INSURANCE  
STATE OF NEBRASKA

FILED

STATE OF NEBRASKA	)	
DEPARTMENT OF INSURANCE,	)	
	)	
PETITIONER,	)	CONSENT ORDER
	)	
VS.	)	
	)	
KANSAS CITY LIFE INSURANCE	)	CAUSE NO. C-1914
COMPANY,	)	
	)	
RESPONDENT.	)	

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its representative, Michael C. Boyd and Kansas City Life Insurance Company, ("Respondent"), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to Neb. Rev. Stat. §44-101.01, §44-135, et seq. and §44-303, et seq.
2. Respondent is a Missouri domiciled insurer licensed to conduct business in Nebraska as a foreign insurer at all times material hereto.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. Kansas City Life Insurance Company, Cause Number C-1914 on September 1, 2011. A copy of the petition was served upon the Respondent's agent for service of process, National Registered Agents, Inc., 6003 Old Cheney Road, 3<sup>rd</sup> Floor, Lincoln, NE 68516, by certified mail, return receipt requested.

2. The petition alleges that Respondent violated Neb. Rev. Stat. §§44-1524, 44-1525(1)(a), 44-1525(2) and 44-1525(10) as a result of the following conduct:

- a. On November 24, 2009, a complaint from Charlie Winfrey, Jr. ("Winfrey") was received by the Department that included Winfrey's contention that the writing agent Suzie Antoniak ("Antoniak") changed the specified amount on his Kansas City Life policy #2761229 on her own request. Pursuant to that complaint, Cynthia Williamson, an Insurance Investigator with the Department's Consumer Affairs Division, initiated an investigation.
- b. Pursuant to that investigation, Williamson found that Antoniak had met with Winfrey on June 19, 2008 and took a Kansas City Life application for \$100,000 "specified amount" to replace existing life insurance coverage that Winfrey held with Allianz which Antoniak's agency previously wrote. In the process of its underwriting of that life policy, Respondent contacted Antoniak and advised her that Winfrey's application qualified for a "preferred rating". The Respondent was subsequently advised by Antoniak that she had discussed this with Winfrey and he had "agreed" to increase the life policy's "specified amount" to \$150,000 for which Respondent got a "request" from Antoniak. It was discovered that Respondent subsequently issued life policy #2761229 on Winfrey effective August 12, 2008 with a specified amount of \$150,000, and enclosed within the policy a "Policy Amendment" which showed "the policy has been amended as follows:...Specified Amount Increased to \$150,000 at Agent's Request." (There was no place on that "policy Amendment" for the insured to sign agreeing to this.)
- c. In response to investigator Williamson questioning its allowance of agent Antoniak to request an increase of the specified amount of the life policy without the written request of applicant/insured Winfrey, Respondent advised Williamson that it allowed Antoniak to request such a change in the specified amount without Winfrey's written request/signature as the \$50,000 increase change is not considered "substantial" by Respondent. The Respondent did acknowledge to Williamson that it would require a signed amendment at the time of policy delivery when the increase in the specified amount was \$100,000 or more, there was a change in the designated beneficiary or a change in the policy rating.
- d. In the Kansas City Life application form A130 that Winfrey signed on June 19, 2008, it states under the Section titled "Agreement and Signatures...6. Any changes or additions made by the Company in "Home Office Endorsements" will be ratified by the applicant's acceptance of any life insurance policy issued on this application. However, any change in the classification, amount of insurance, issue age, plan of insurance or any

**benefits will not be effective unless accepted in writing by me(us)."**  
(Emphasis added.)

- e. Since the Agreement and Signatures Section #6 referenced in subparagraph 5d above does not state any qualifier of a "substantial" change in the amount of insurance be involved to require "acceptance in writing" by the applicant/insured, the Respondent has, in effect, admitted that its application language was misleading and misrepresented to Winfrey what Respondent would require to change the amount of insurance applied for/issued based upon that application completed by Winfrey in this matter.

3. Respondent was informed of the right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving its right to a public hearing, Respondent also waives its right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent admits that it violated Neb. Rev. Stat. §§44-1524, 44-1525 (1)(a), 44-1525(2) and 44-1525(10).

#### CONCLUSIONS OF LAW

The conduct of Respondent, as alleged above, constitutes violations of Neb. Rev. Stat. §§44-1524, 44-1525 (1)(a), 44-1525(2) and 44-1525(10).

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed by Respondent, Kansas City Life Insurance Company, that Respondent shall pay an administrative fine in the amount of one-thousand dollars (\$1,000.00), due within 30 days after the Director of Insurance or his designee approves and signs this consent order. The Nebraska Department of Insurance shall retain jurisdiction of this matter for the purpose of enabling the Department to make application for such further orders as may be necessary.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing their signatures below.

Michael C. Boyd  
Michael C. Boyd, #10394  
Attorney for Petitioner  
941 O Street, Suite 400  
Lincoln, Nebraska 68508  
(402) 471-2201

Sept. 13, 2011  
Date

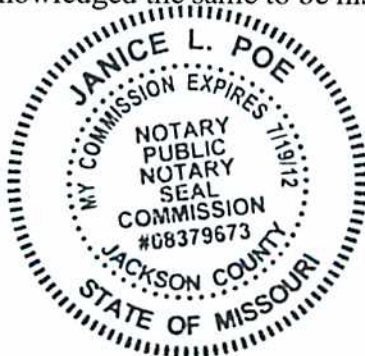
A. Craig Mason Jr.  
Kansas City Life Insurance Company,  
Respondent

By: A. Craig Mason Jr.  
Its: Vice President, General Counsel & Secretary

Sept. 6, 2011  
Date

State of Missouri )  
County of Jackson ) ss.

On this 6th day of September, 2011, an authorized representative of Kansas City Life Insurance Company personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be his/her voluntary act and deed.



Janice L. Poe  
Notary Public

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the  
Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs.  
Kansas City Life Insurance Company, Cause No. C-1914.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

Bruce R. Ramge

BRUCE R. RAMGE

Director of Insurance

9-14-2011

Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent at P.  
O. Box 219139, Kansas City, MO 64121-9139 by certified mail, return receipt requested on  
this 14<sup>th</sup> day of September, 2011.

Tracy A. Luck